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**MADISON PARISH POLICE JURY**  
Tulalaha, Louisiana

**PRIMARY GOVERNMENT FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORT  
WITH SUPPLEMENTAL INFORMATION  
As of And for The Year Ended December 31, 1997**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 11/10/98 5:18:00

**MADISON PARISH POLICE JURY**  
**Tulahoma, Louisiana**  
**Financial Statements**  
**and Independent Auditor's Report**  
**As of and for the Year Ended December 31, 1997**

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**MADISON PARISH POLICE JURY**  
**Tulahoma, Louisiana**  
**Financial Statements**  
**and Independent Auditor's Report**  
**As of and for the Year Ended December 31, 1987**  
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- Accounting Services
- Tax Services

**LOUIS R. BRADLEY**  
**CERTIFIED PUBLIC ACCOUNTANT**  
(A Professional Corporation)

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American Institute of Certified Public Accountants • Society of Louisiana Certified Public Accountants  
Society of Arkansas Certified Public Accountants • Monroe Chamber of Commerce

To: Madison Parish Police Jury  
Tulahoma, Louisiana

Independent Auditor's Report On General Purpose  
Financial Statements and Supplementary  
Information Schedules

I have audited the accompanying general-purpose financial statements of Madison Parish Police Jury as of and for the year ended December 31, 1997, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these general-purpose financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general-purpose financial statements referred to above present fairly, in all material aspects, the financial position of Madison Parish Police Jury as of December 31, 1997, and for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my report dated June 19, 1998, on my consideration of Madison Parish Police Jury internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants.

INDEPENDENT AUDITOR'S REPORT

Page 2

My audit was performed for the purpose of forming an opinion on the general-purpose financial statements of Madison Parish Police Jury, taken as a whole. The combining statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general-purpose financial statement of Madison Parish Police Jury. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.



Louis R. Bradley  
Certified Public Accountant

Monroe, Louisiana  
June 19, 1998

BRADSHAW FINANCIAL PRODUCTS FUND  
 15000 N. Lincoln  
 ALL FUND INVESTMENT ACCOUNT OPERATIONS  
 (Continued - Column Total)  
 December 31, 1987

## ACCOUNT

	COMMERCIAL FINANCIAL		GENERAL INVESTMENT		Total
	Current Fund	Special Income Fund	Current Fund Assets	Long-Term Debt	
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 27,824	\$ 28,100	\$ -	\$ -	\$ 55,924
Investments	-	140,795	-	-	140,795
Receivables	126,311	126,420	-	-	252,731
Due from other funds	-	20,926	-	-	20,926
Other Assets	-	-	4,776,987	-	4,776,987
Land, buildings, and equipment assumed to be provided for retirement of general long-term debt	-	-	-	25,000	25,000
<b>TOTAL ASSETS AND OTHER BENEFITS</b>	<b>\$ -</b>	<b>\$ 1,496,945</b>	<b>\$ 4,776,987</b>	<b>\$ 25,000</b>	<b>\$ 6,308,937</b>
<b>LIABILITIES AND FUND EQUITY</b>					
Liabilities					
Cash provided	\$ -	\$ 64,926	\$ -	\$ -	\$ 64,926
Assumed Liabilities	22,244	-	-	-	22,244
Expenses	-	-	-	-	-
Due to other funds	20,000	-	-	-	20,000
Deferred revenues	-	5,913	-	-	5,913
Capital leases payable	-	-	-	64,890	64,890
Unapplied proceeds	-	-	-	177,888	177,888
Total Liabilities	\$ 42,244	\$ 70,739	\$ -	\$ 177,888	\$ 290,871
Fund Equity					
Investment in General Fund Assets	\$ -	\$ -	\$ 4,776,987	\$ -	\$ 4,776,987
Fund balances - investment-unassigned	63,514	1,431,795	-	-	1,495,309
General assigned	-	-	-	-	-
Total Fund Equity	63,514	1,431,795	4,776,987	-	6,272,296
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 105,758</b>	<b>\$ 1,431,795</b>	<b>\$ 4,776,987</b>	<b>\$ 177,888</b>	<b>\$ 6,308,937</b>

The accompanying notes are an integral part of this statement.

**MADISON POLICE DEPT**  
**Tulsa, Louisiana**  
**SPECIAL REVENUE FUND**  
 Detailed Statement of Revenues, Expenditures  
 and Change in Fund Balance  
 For the Year Ended December 31, 1997

STATEMENT 1

	General Fund	Special Revenue Funds	Total (Miscellaneous Only)
<b>REVENUES</b>			
<b>Taxes:</b>			
All values	\$ 127,000	\$ 1,779,482	\$ 1,906,482
Other taxes, penalties, and interest	4,600	-	4,600
Licenses and permits	40,000	-	40,000
<b>Intergovernmental revenues:</b>			
Federal health-related grants	-	47,000	47,000
State funds:	100,000	-	100,000
Public transportation funds	-	84,000	84,000
State revenue sharing grant	-	16,000	16,000
Revenue bonds	-	-	-
Video poker	-	-	-
Other	-	13,000	13,000
Local funds	100,000	-	100,000
Fees, charges, and reimbursements for services	-	103,000	103,000
State and federal grants	-	106,000	106,000
Use of money and property	-	-	-
Other revenues	100,000	60,000	160,000
<b>Total Revenues</b>	<b>\$67,000</b>	<b>1,779,482</b>	<b>1,906,482</b>
<b>EXPENDITURES</b>			
<b>Current:</b>			
<b>General government:</b>			
Legislature	47,000	-	47,000
Police	654,000	-	654,000
Electricity	10,000	-	10,000
Finance and administration	175,000	-	175,000
Other general government	11,000	10,000	21,000
Public safety	4,000	-	4,000
Public works	4,000	1,234,000	1,238,000
Health and welfare	100,000	10,000	110,000
Culture and recreation	1,000	90,000	91,000
Economic development and assistance	70,000	-	70,000
Self services	-	6,000	6,000
Capital outlay	-	60,000	60,000
Intergovernmental	-	-	-
<b>Total Expenditures</b>	<b>\$64,000</b>	<b>1,600,000</b>	<b>1,664,000</b>
<b>EXCESS (DEF) OF REV. EXPENDITURES</b>	<b>\$3,000</b>	<b>179,482</b>	<b>182,482</b>
<b>OTHER FINANCING SOURCES</b>			
Increase in capital assets	-	-	-
Revenue proceeds	-	-	-
Operating transfers in	10,000	60,000	70,000
Operating transfers out	(77,000)	(70,000)	(147,000)
<b>Total other financing sources/net</b>	<b>(67,000)</b>	<b>60,000</b>	<b>(7,000)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHERS (NET)</b>			
	\$4,000	\$43,482	\$47,482
<b>FUND BALANCE (beginning) - APPROPRIATE ASSIGNMENT</b>			
	\$0,000	\$70,000	\$70,000
<b>FUND BALANCE (end)</b>	<b>\$4,000</b>	<b>113,482</b>	<b>117,482</b>

The accompanying notes are an integral part of this statement.

**MARION PARISH POLICE-JURY**  
Tulahoma, Louisiana

STATEMENT 2

**SPECIAL REVENUE FUND**  
Schedule of Revenues, Expenditures  
and Changes in Fund Balance-**BUDGETARY BASIS** and Actual  
For the Year Ended December 31, 1977

	GENERAL FUND			SPECIAL REVENUE FUND		
	Budget	Actual	Variance Favorable (Disadvantage)	Budget	Actual	Variance Favorable (Disadvantage)
<b>Revenues</b>						
<b>Taxes</b>						
Ad Valorem	\$ 144,000	\$ 143,198	\$ (802)	\$ 144,000	\$ 143,198	\$ (802)
Other taxes, penalties, and interest	9,000	9,000	0	-	-	-
License and permits	6,000	6,000	0	-	-	-
<b>Intergovernmental revenues</b>						
Federal grants	-	100,000	100,000	60,000	75,000	(15,000)
State grants	100,000	-	100,000	-	-	-
Federal transportation funds	-	-	-	200,770	204,700	(4,070)
State revenue sharing (act)	-	-	-	75,000	65,000	(10,000)
Recreation fees	-	-	-	200,000	19,000	(181,000)
Other	-	-	-	-	-	-
Local funds	20,000	20,700	700	-	-	-
Fees, charges, & contributions						
for services	-	-	-	200,000	200,000	0
Fines and forfeitures	-	-	-	-	200,000	200,000
Use of money and property	-	-	-	-	-	-
Other revenues	1,000	200,000	199,000	1,000	60,000	(59,000)
<b>Total Revenues</b>	<u>270,000</u>	<u>569,998</u>	<u>299,998</u>	<u>4,300,000</u>	<u>4,736,998</u>	<u>(436,998)</u>
<b>Expenditures</b>						
<b>General</b>						
<b>Personnel</b>						
Legislative	5,000	5,000	0	-	-	-
Judicial	170,000	169,000	1,000	-	-	-
Executive	10,000	10,000	0	-	-	-
Finance and administration	200,000	200,000	0	-	-	-
Other general government	-	14,000	(14,000)	200,000	11,000	(189,000)
<b>Public safety</b>						
Police	1,000	2,000	(1,000)	20,000	-	20,000
Traffic works	10,000	10,000	0	1,000,000	1,000,000	(999,000)
Buildings and utilities	170,700	169,700	1,000	60,000	200,700	(140,700)
Highways and navigation	1,000	1,000	0	100,000	100,000	(99,000)
Economic development						
and subsidies	1,000	1,000	0	-	-	-
<b>Intergovernmental</b>						
Capital Outlays	-	-	-	50,000	50,000	-
Other services	70,000	-	70,000	14,000	70,000	(56,000)
<b>Total Expenditures</b>	<u>517,000</u>	<u>496,700</u>	<u>20,300</u>	<u>4,300,000</u>	<u>4,656,998</u>	<u>643,002</u>
<b>REVENUES OF SUBSIDIARIES</b>	<u>100,000</u>	<u>100,000</u>	<u>0</u>	<u>100,000</u>	<u>100,000</u>	<u>0</u>
<b>OTHER FINANCING SOURCES</b>						
<b>Business proceeds</b>						
Operating revenues	10,000	10,000	0	-	10,000	(10,000)
Operating revenues net	10,000	10,000	0	-	(10,000)	10,000
<b>Total other revenues</b>	<u>20,000</u>	<u>20,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>20,000</u>
<b>EXCESS REVENUES &amp; OTHER SOURCES</b>						
<b>OTHER EXPENDITURES-OTHER SOURCES</b>	<u>10,000</u>	<u>10,000</u>	<u>0</u>	<u>10,000</u>	<u>10,000</u>	<u>0</u>
<b>FUND BALANCE-BEGINNING</b>	<u>-</u>	<u>70,000</u>	<u>(70,000)</u>	<u>-</u>	<u>1,770,000</u>	<u>(1,770,000)</u>
<b>ADJUSTMENT</b>	<u>-</u>	<u>(20,000)</u>	<u>20,000</u>	<u>-</u>	<u>(20,000)</u>	<u>20,000</u>
<b>FUND BALANCE-END</b>	<u>\$ 0</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 0</u>	<u>\$ 1,750,000</u>	<u>\$ 1,750,000</u>

The accompanying notes are an integral part of the statement.

**MADISON PARISH POLICE JURY**  
**Tulahoma, Louisiana**

**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 1997**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Madison Parish Police Jury is the governing authority for Madison Parish and is a political subdivision of the State of Louisiana. The police jury is governed by five jurors representing the various districts within the parish. The jurors serve four-year terms which expired in January, 2000.

Louisiana Revised Statute 33 (1236) gives the police jury various powers in regulating and directing the affairs of the parish and its inhabitants. The most notable of these are the powers to make regulations for their own government, to regulate the construction and maintenance of roads and bridges, to regulate the construction and maintenance of drainage systems, to regulate the sale of alcoholic beverages, and to provide for the health and welfare of the poor, disadvantaged, and unemployed in the parish. Funding to accomplish these tasks is provided by ad valorem taxes, beer and alcoholic beverage permits, state revenue sharing, and various other state and federal grants.

In accomplishing its objectives, the police jury also has the authority to create special districts and component units within the parish. The districts perform specialized functions, such as recreational facilities, library facilities, and health care facilities.

**A. REPORTING ENTITY**

As the governing authority of the parish, for reporting purposes, the Madison Parish Police Jury is the financial reporting entity for Madison Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Madison Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

**MADISON PARISH POLICE JURY**  
 Tallulah, Louisiana  
 Notes to the Financial Statements (Continued)

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the police jury to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the previous criteria, the police jury has determined that the following component units are part of the reporting entity:

<u>Component Unit</u>	<u>Fiscal Year End</u>	<u>Criteria Used</u>
Sixth Judicial District Criminal Court	December 31	2 and 3
Madison Parish Library	December 31	1, 2, and 3
Madison Parish Hospital Service District	December 31	1 and 3
Madison Parish Port Commission	December 31	1 and 3
Madison Parish Recreation District	December 31	1, 2, and 3
Bear Lake Fire Protection District No. 1	December 31	1, 2, and 3
Madison Parish Tax Assessor	December 31	2 and 3
Madison Parish Clerk of Court	June 30	2 and 3
Madison Parish Sheriff	June 30	2 and 3

These primary government (police jury) financial statements include all funds, account groups, and organizations for which the police jury maintains the accounting records. The organizations for which the police jury maintains the accounting records are considered part of the primary government (police jury) and include the Sixth Judicial District Criminal Court and Madison Parish Library.

GASB Statement 14 provides for the issuance of primary government financial statements that are separate from those of the reporting entity. However, the primary

government's (police jury) financial statements are not a substitute for the reporting entity's financial statements. The accompanying primary government financial statements have been prepared in conformity with generally accepted accounting principles as applied to governmental units. These financial statements are not intended to and do not report on the reporting entity but rather are intended to reflect only the financial statements of the primary government (police jury).

Considered in the determination of component units of the reporting entity were the Madison Parish School Board, the District Attorney and Judges for the Sixth Judicial District, and the various municipalities in the parish. It was determined that these governmental entities are not component units of the Madison Parish Police Jury reporting entity because they have separately elected governing bodies, are legally separate, and are fiscally independent of the Madison Parish Police Jury.

## **B. FUND ACCOUNTING**

The police jury uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities (general fixed assets and general long-term debt) that are not recorded in the "funds" because they do not directly affect net expendable available financial resources. They are concerned only with the measurement of financial position, not with the measurement of results of operations.

Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types". Governmental funds are used to account for a government's general activities, where the focus of attention is on the providing of services to the public as opposed to proprietary funds where the focus of attention is on recovering the cost of providing services to the public or other agencies through service charges or user fees. Fiduciary funds are used to account for assets held for others. The police jury's current operations require the use of governmental and fiduciary funds. The fund types used by the police jury are described as follows:

## Governmental Funds

### General Fund

The general Fund is the general operating fund of the police jury. It accounts for all activities except those required to be accounted for in other funds.

### Special Revenue Funds

Special revenue funds are used to account for the proceeds of the specific revenue sources such as ad valorem taxes, sales taxes, and federal grants. These revenues are legally restricted, either by tax proposition or grant agreement, to expenditures for specified purposes such as road and drainage maintenance and construction, library operation, health unit operation, etc.

## C. GENERAL FIXED ASSETS AND LONG-TERM DEBT

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures (capital outlay) in governmental funds and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at cost where historical records are available or estimated cost where no historical records are available. Approximately 25 per cent of general fixed assets are valued at estimated historical cost based on the actual cost of like items. Donated fixed assets are valued at their estimated fair market value on the date received. Book inventory of the library is reported on a moving-average basis, which more closely reflects current replacement cost.

The costs of normal maintenance and repairs that do not add to the value of fixed assets or materially extend their useful lives are not capitalized but are only recognized as a normal current expenditure of the governmental funds. Public domain or infrastructure general fixed assets consisting of roads, bridges and drainage systems are not capitalized as these assets are immovable and of value only to the police jury. No depreciation is recognized on general fixed assets.

Long-term debt, such as judgments payable, and capital leases payable, are recognized as a liability of a governmental fund only when due. The remaining portion of such debt is reported in the general long-term debt account group.

#### D. BASIS OF ACCOUNTING

The financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements for these funds present increases (i.e., revenues and other financial sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for reporting all governmental fund types and the fiduciary fund type agency fund. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The police jury uses the following practices in recognizing and reporting revenues and expenditures:

##### Revenues

Ad valorem taxes and the related state revenue sharing are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis and attach to an enforceable lien and become due and payable on the date the tax rolls are filed with the recorder of mortgages. Louisiana Revised Statute 47:1793 requires that the tax rolls be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31. The taxes are normally collected in December of the current year and January and February of the ensuing year. State revenue sharing funds, which are not received during the first 60 days of the ensuing year, are recognized as deferred revenue on the balance sheet of the fund.

Off-track betting fees, which are included in licenses and permits revenue, are reflected in the year for which they are due.

Federal and state grants are recorded when the police jury is entitled to the funds.

Interest income on time deposits is recorded when the time deposits have matured and the income is available.

Substantially all other revenues are recorded when they become available to the police jury.

Based on the above criteria, ad valorem taxes, state revenue sharing, federal and state grants, and off-track betting fees are treated as susceptible to accrual.

### Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized when due, and compensated absences, which are recognized when paid.

### Other Financing Sources

Income in capital lease is accounted for as other financing source and is recognized when the underlying event occurs.

## E. BUDGET PRACTICES

Preliminary budgets for the coming year are prepared by the secretary-treasurer beginning in October. The finance committee reviews the proposed budgets and makes changes as it deems appropriate. The availability of the proposed budgets for public inspection and the date of the public hearing on the budgets are then advertised in the official journal. Prior to its regular December meeting, the jury holds a public hearing on the proposed budgets in order to receive comments from citizens. Changes are made to the proposed budgets based on the public hearing and the desires of the police jury as a whole. The budgets are then adopted during the regular December meeting, and notice is published in the official journal.

During the year, the police jury receives monthly budget comparison statements which are used as a tool to control the operations of the parish. The secretary-treasurer presents necessary budget amendments to the jury when the determinations that action operations are differing materially from those anticipated in the original budget. The jury in regular session reviews the proposed amendments, makes necessary changes, and formally adopts the amendments. The adoption of amendments is included in jury minutes published in the official journal. The police jury exercises budgetary control at the functional level. Within functional levels, the secretary-treasurer has the authority to make amendments as necessary. The police jury does not utilize encumbrance accounting, however, the original budgets and any subsequent amendments are incorporated into the accounting system. Unexpended appropriations lapse at year end and must be re-appropriated in the next year's budget to be expended. For the year ended December 31, 1997, cash basis budgets were adopted for the General Fund and all special revenue funds, except the Criminal Court Special Revenue Fund and the Garbage Special Revenue Fund. The Criminal Court Special Revenue Fund is exempt from the requirements of the Local Government Budget Act. A modified accrual basis budget was adopted for the Garbage Special Revenue Fund to ensure compliance with restrictions on the use of surplus contained in that fund's ad valorem tax proposition.

## F. CASH AND CASH EQUIVALENTS

Under state law, the police jury may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having principal offices in Louisiana.

At December 31, 1997, the police jury has cash and cash equivalents (bank balances - net of cash overdrafts) totaling \$ 251,357.

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Cash and cash equivalents (bank balances) at December 31, 1997, are secured as follows:

Bank Balances	\$ 335,209.16
	-----
Federal deposit insurance	315,857.90
Pledged securities	<u>3,266,000.00</u>
Total	\$ 5,440,513.80
	-----

Because the pledged securities are held by a custodial bank in the name of the fiscal agent bank rather than in the name of the police jury, they are considered uncollateralized (Category 3) under the provisions of OASD Codification C20.106; however, Louisiana Revised Statute 35:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the police jury that the fiscal agent bank has failed to pay deposited funds upon demand.

## G. ANNUAL AND SICK LEAVE

The following provides detail on vacation and sick leave policies of the police jury and the other component units included in the accompanying financial statements.

### Police Jury

Employees of Police Jury receive 10 to 20 days of annual leave each year, depending on the length of service. A maximum of 5 days vacation leave may be carried forward to the

next year. Upon separation or retirement, employees are paid for any unused vacation leave. Jury employees earn 12 days sick leave each year. Sick leave may accumulate to a maximum of 90 days. Upon retirement, all unused accumulated sick leave is used in retirement benefit computations as earned service.

### Library

Substantially all employees of the library are granted 10 to 20 days of vacation leave each year, depending upon professional status and length of service with the library. Vacation leave is not cumulative. After 6 months of employment, library employees earn 12 days sick leave each year.

Sick leave may be accumulated by employees in an amount not to exceed 60 days for each employee. Upon resignation, an employee's accumulated sick leave is canceled.

### Criminal Court

Employees of the criminal court earn 5 to 10 days of vacation leave each year, depending on length of service. Vacation leave must be taken in the year earned and cannot be carried forward. Sick leave is granted as needed at the discretion of the district attorney and judges of the district.

At December 31, 1997, the maximum amount of accumulated and vested employee leave benefits is not material and is not reflected in the financial statements. The cost of leave privileges is recognized as a current year expenditure when leave is actually taken or when employees are paid for accrued leave upon separation of employment.

## II. TOTAL COLUMNS ON COMBINED STATEMENTS

Total columns on the combined statements are captioned *Memorandum Only* (overviews) to indicate that they are presented solely to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

### 1. LEVIED TAXES

The following is a summary of authorized and levied ad valorem taxes:

The following is a summary of authorized and levied ad valorem taxes:

	<u>Authorized Millage</u>	<u>Expiration Date</u>
Parishwide taxes:		
General Fund:		
Inside municipalities	2.00	Indefinite
Outside municipalities	4.00	Indefinite
Public Works	17.05	1998
Health Unit	1.50	2002
Library	3.94	2002
Courthouse and Jail	5.00	2002
Garbage District	18.00	2002

### 3. RECEIVABLES

The following is a summary of receivables as December 31, 1997:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Total</u>
Taxes-Ad valorem	\$ 82,364	\$ 81,796	\$ 164,308
Grants:			
Federal	-	-	-
State	41,508	385,771	427,280
Other	14,308		14,308
	<u>          </u>	<u>          </u>	<u>          </u>
Total	\$ 138,321	\$ 1,268,465	\$ 605,888
	<u>          </u>	<u>          </u>	<u>          </u>

### 4. CHANGES IN GENERAL FIXED ASSETS

The following schedule presents changes in general fixed assets for the year ended December 31, 1997:

**MAJESTIC PARISH POLICE JURY**  
**Tulahoma, Louisiana**  
**Note to the Financial Statements (Continued)**

	<u>Balance at</u> <u>January 1,</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>December 31,</u>
<b>1997</b>				
Police jury:				
Land	5,355,750	17,000	0	5,372,750
Building	2,865,620	0	0	2,865,620
Equipment	1,299,682	70,120	0	1,369,802
Library books and other	261,732	0	0	261,732
<b>Total police jury</b>	<b>9,782,784</b>	<b>87,120</b>	<b>0</b>	<b>9,869,904</b>

**5. PENSION PLAN**

Substantially all employees of the Madison Parish Police Jury are members of the Parochial Employees Retirement System of Louisiana (System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the police jury are members of Plan A.

All permanent employees working at least twenty-eight hours per week who are paid wholly or in part from parish funds and all elected parish officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 20 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 per cent of their final average salary for each year of creditable service. However, for those employees who were members of the supplemental plan only before January 1, 1980, the benefit is equal to one per cent of final average salary plus \$24 for each year of supplemental-plan-only service earned before January 1, 1980, plus 3 per cent of final-average salary for each salary for each year of service credited after the revision date. Final average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefits accorded to their date of termination. The system also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System of Louisiana, Post Office Box 14819, Baton Rouge, Louisiana 70898-4819, or by calling (504) 928-1341.

Under Plan A, members are required by state statute to contribute 3.50 per cent of their annual covered salary and the Madison Parish Police Jury is required to contribute at an actuarially determined rate. The current rate is 8.00 per cent of annual covered payroll. Contributions to the system also include one-fourth of one per cent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Madison Parish Police Jury are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, for employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Madison Parish Police Jury's contributions to the System under Plan A for the years ending December 31, 1997, was \$64,933.31 equal to the required contributions for each year.

#### **6. POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS**

The Madison Parish Police Jury provides certain continuing health care and life insurance benefits for its retired employees. Substantially all of the police jury's employees become eligible for these benefits if they reach normal retirement age while working for the police jury. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid jointly by the employee and by the police jury. The police jury recognizes the cost of providing these benefits (the police jury's portion of premiums) as an expenditure when monthly premiums are due, which was \$61,368.06 for 1997.

#### **7. LEASES**

The police jury records lease items under capital leases as an asset and an obligation in the accompanying financial statements. As December 31, 1997, the police jury has four capital leases; three for equipment and one for a copier. The leases had an original recorded amount of \$244,234. The following is a schedule of future minimum lease payments together with the present value of the net minimum lease payments as of December 31, 1997.

**MADEIRA PARISH POLICE JURY**  
 Thibodaux, Louisiana  
 Notes to the Financial Statements (Continued)

<u>Year</u>	<u>Amounts</u>
1998	\$ 53,834
1999	34,382
2000	17,498
2001	<u>2,817</u>
Total minimum lease payments	108,531
Less amount representing interest	9,034
Present value of net minimum	<u>99,497</u>

**8. CHANGES IN LONG-TERM DEBT**

The following is a summary of long-term debt transactions for the year ended December 31, 1997.

Long-term debt (capital leases) at January 1, 1997	\$ 150,188
Additions	
Deductions	<u>(31,601)</u>
Long-term debt (capital leases) at December 31, 1997	<u>\$ 118,587</u>

**9. JUDGMENT**

On April 18, 1975, a suit was filed against the police jury alleging personal injury. The district court rendered judgment in 1987, awarding the plaintiff \$178,500. The police jury has paid \$18,000 toward settlement and is presently working with the plaintiff to reduce the settlement and to establish a long-term repayment plan. The remaining balance of the award is included in long-term debt on Statement A. No payment was made in 1997 on the remaining balance of \$ 177,500. The Attorney for the jury is negotiating a lower settlement amount.

**10. DUE FROM/TO OTHER FUNDS**

Individual fund amounts due from/to other funds at December 31, 1997, are as follows:

**MADISON PARISH POLICE JURY**  
Tulahoma, Louisiana  
Notes to the Financial Statements (Continued)

	<b>Due from Other Funds</b>	<b>Due to Other Funds</b>
General Fund	\$	\$ 30,000
Special Revenue Funds		
Rural Development	30,000	
<b>Total</b>	<b>\$ 30,000</b>	<b>\$ 30,000</b>

Due to the fact a substantial amount of interfund transaction were on the books from prior years the accounts were offset and/or eliminated because it is unlikely that all except the above amount would ever be repay to each prospective fund.

## **11. LITIGATION AND CLAIMS**

The Police Jury is named as a defendant in two law suits related to personal injuries as follows:

1. C.E. Harmon and Perilla Harmon Versus No. 58-43 Madison Parish Police Jury and Coregis Insurance. The Harmon alleges that the jury is liable for personal injuries sustained when the car they were traveling in ran into a large curve-in and/or center in the road. Any potential liability is covered by the jury's insurance carrier. The outcome of the suit was not determined by the jury's attorney.
2. Alvin Capti, Sr., and Margaret Capti-Alvin Capti alleges that personal injuries were received as a result of an accident due to pot holes and/or center in the road owned by the police jury. The Captis has alleged that the accidents and related injuries are the direct fault of the police jury. The potential liability are covered by the jury's insurance carrier. The attorney for the jury expressed no outcome of the suit.

## **12. FOOD STAMP PROGRAM**

The Food Stamp Program is operated by the police jury under an agreement with the Louisiana Department of Social Services. Under this program, the police jury is responsible for the issuance of food stamps to eligible participants in the parish. The value of food stamps on hand, received, and issued is not recorded in the accompanying statements. The agency discontinued the program and closed the Food Stamp office in February 1997.

### 13. MAINTENANCE OF COURTHOUSE AND JAIL AND UPKEEP OF PRISONERS

For the years 1993 through 1995, operations of the General Fund included ad valorem taxes, dedicated by tax proposition, to the maintenance and operation of the courthouse and jail. Such expenditures were paid by the Courthouse and Jail special revenue fund and the General Fund for 1989 and prior years. The tax revenue was insufficient to pay the costs for which the tax was levied and required additional revenues from the General Fund. To reduce accounting work, beginning in 1996, ad valorem taxes for the courthouse and jail were included in the General Fund as were all expenditures for which that tax was levied. On November 5, 1996, voters of the parish approved a redefinition of the parishwide garbage tax. The redefinition provides that up to 3 mill of the 18 mill tax may be used for operation, maintenance and improvement of the parish courthouse and jail, provided that the Garbage Fund has an annual surplus of \$150,000. The police jury reestablished the Courthouse and Jail special revenue fund and, in December of 1996, transferred \$151,045 in excess surplus revenues from the Garbage Fund to the Courthouse and Jail fund. At December 31, 1996, the Garbage Fund has a surplus of \$ 372,483.

### 14. FEDERAL FINANCIAL ASSISTANCE

The agency did not receive or expend more than \$ 300,000 in Federal funds in 1997. The agency expended \$ 55, 324 in Federal funds from the Council on Agency and \$ 17, 151 in Food Stamp fund. The funds were received from the U.S. Department of Health and Human Services as a pass through the State of Louisiana.

American Institute of Certified Public Accountants • Society of Louisiana Certified Public Accountants  
Society of Arkansas Certified Public Accountants • Monroe Chamber of Commerce

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To: **Madison Parish Police Jury**  
Tulaha, Louisiana

I have audited the financial statements of Madison Parish Police Jury as of and for the year ended December 31, 1997, and have issued my report thereon dated June 15, 1998. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. In my report, my opinion was unqualified.

**Compliance**

As part of obtaining reasonable assurance about whether Madison Parish Police Jury's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 97-01, 97-02, 97-03, and 97-04.

**Internal Control Over Financial Reporting**

In planning and performing my audit, I considered Madison Parish Police Jury's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect Madison Parish Police Jury's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

REPORT ON COMPLIANCE AND ON  
INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT  
ACCOUNTING STANDARDS

Page 2

Reportable conditions are described in the accompanying schedule of findings as items 97-01, 97-02, 97-03, and 97-04.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I believe all of the reportable conditions described above is a material weakness.

This report is intended for the information of the audit committee, the Legislative Auditor, Management and Federal Awarding Agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.



Louis R. Bradley  
Certified Public Accountant

June 19, 1998  
Monroe, Louisiana

**SUPPLEMENTAL INFORMATION**

**MADISON PARISH POLICE JURY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
DECEMBER 31, 1997**

**A. SUMMARY OF AUDITOR'S RESULTS**

An unqualified opinion was issued on the general-purpose financial statements.

Reportable conditions in internal controls were disclosed by the audit of the financial statements and such conditions were material weaknesses.

The audit disclosed noncompliance which is material to the financial statements.

Reportable conditions in internal controls over major programs and the allowability of indirect costs were disclosed by the audit and such conditions were not applicable.

A-133 reports were not applicable to this audit.

The audit disclosed no audit findings which are required to be reported in this schedule under OMB Circular 133.

There were no major federal programs.

The threshold used to distinguish between Type A and Type B Federal programs were \$200,000.00, total funds expended did not exceed \$ 300,000.00.

Madison Parish Police Jury was not classified as related to audit risk in the context of OMB Circular A-133.

**B. FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH ARE  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS.**

**Finding Number** 97-01

**FINDING:**

**INADEQUATE ACCOUNTING SYSTEM**

**SCHEDULE OF FINDINGS  
AND QUESTIONED COSTS  
(Continued)**

The accounting system is inadequate and not being utilized effectively as follows:

- (a) Interfund transfers were out of balance and/or not properly recorded. This was noted in the previous audit.
- (b) Posting errors consisted of debit accounts with credit balances and credit accounts with debit balances.
- (c) Backup capabilities were not available to retrieve information from prior years without the assistance of a computer service consultant and at a significant cost being incurred.
- (d) Sales Tax Receipts and on-behalf payments were not recorded.

**RECOMMENDATIONS:**

The Agency should consider upgrading their accounting system and obtain professional assistance and training to correct the deficiencies noted above.

**MANAGEMENT RESPONSE:**

Management has budgeted funds to upgrade accounting system and obtain the necessary training.

**Finding Number** 97-01

**FINDING:**

**FIXED ASSETS**

The agency has had repeated findings in prior years pertaining to fixed asset records. The prior year findings have being adequately addressed. However, the Agency has a considerable amount of obsolete assets that needs to be salvaged or disposed of since they are no longer needed for public use.

**SCHEDULE OF FINDINGS  
AND QUESTIONED COSTS  
(Continued)**

**RECOMMENDATION:**

The Jury should sell or dispose all obsolete property inventory in accordance with applicable Federal, State or Local laws.

**MANAGEMENT RESPONSE:**

The agency will dispose of all obsolete inventory in accordance with applicable laws.

**Finding Number** 57-03

**FINDING:**

**CONTRACTED SERVICES**

The Agency spends a considerable amount of money for garbage pick-up and disposal without a formal contract or bids on file to show that the Agency is incurring the services at a competitive price.

**RECOMMENDATION:**

The agency should obtain bid for the above service to ensure that the services are obtained at a competitive price.

**MANAGEMENT RESPONSE:**

The jury has informed the contractor that the services will be bid. The process will begin in the near future.

**SCHEDULE OF FINDINGS  
AND QUESTIONED COSTS  
(Continued)**

**Finding Number** 97-04

**FINDING:**

**COST ALLOCATION PLAN**

Recipients of federal award are required to have an approved cost allocation plan to allocate indirect costs in a systematic and rational manner. In doing so, all programs should be charged a pro-rata share of costs based upon benefits received. Some programs did not participate in joint costs as required by OMB Circular A-133.

**RECOMMENDATION:**

All joint costs should be allocated to all programs that benefit from the costs. The agency should prepare a cost allocation plan to properly document the allocation process.

**MANAGEMENT RESPONSE:**

The agency will present and prepare a cost allocation plan and allocate all joint costs in a systematic and rational manner.

**C. FINDING AND QUESTIONED COSTS OF FEDERAL AWARDS**

(Not applicable)

**MAISON PARISH POLICE JURY**  
**Tululah, Louisiana**  
**SUPPLEMENTAL INFORMATION SCHEDULES**  
**As of and for the Year Ended December 31, 1997**

**SPECIAL REVENUE FUNDS**

**PUBLIC WORKS FUND**

The Public Works Fund accounts for road, bridge, and drainage maintenance and construction in the parish. Funding is provided by ad valorem taxes, state revenue sharing, Parish Transportation Act Funds, state grants, and interest earnings.

**HEALTH UNIT FUND**

The Health Unit Fund accounts for the operation and maintenance of the parish health unit. Financing is provided primarily by ad valorem taxes and state revenue sharing funds.

**GARBAGE FUND**

The Garbage Fund accounts for the collection and disposal of solid waste in the parish. Financing is provided primarily by ad valorem taxes, state revenue sharing funds, and tipping fees.

**CRIMINAL COURT FUND**

The Criminal Court Fund was created by Section 571.11 of Title 13 of the Louisiana Revised Statutes of 1950, which provides that fines and forfeitures imposed by district courts and district attorney conviction fees in criminal cases be transferred to the parish treasurer and deposited in a special Criminal Court Fund account to be used for the expenses of the criminal court of the parish. Expenditures are made from the fund on motion of the district attorney and approval of the district judge.

#### **LIBRARY FUND**

The Library Fund accounts for the operation of the parish library. Revenue is provided by ad valorem taxes, state revenue sharing, and other state grants.

#### **COURTHOUSE AND JAIL MAINTENANCE FUND**

The Courthouse and Jail Maintenance Fund accounts for operation of the courthouse and jail and feeding and maintenance of parish prisoners. Funding is provided from a dedicated ad valorem tax.

#### **RURAL DEVELOPMENT FUND**

The Rural Development is used as supplemental funds to assist in repair and maintenance of roads and bridges. The funds are received from the governor's office of Rural Development.

#### **EMERGENCY COMMUNICATION (911)**

The 911 Fund is used to account for funds to maintain an emergency communication (911) system. The system is funded through the proceeds that the citizens of Madison Parish approved.

**Washington County Library**  
 1000 S. Pioneer  
 Oregon, Oregon 97136  
 Country Club Road  
 Medford, OR 97504

02/01/11

Account	Public	Private	Municipal	Federal	General	Library	Construction	Add. Inf.	Other	Misc.	Total
State and Local Operations	1 0200	1 4200	1 0200	1 2000	1 1200	1 0200	1 4200	1 4200	1 0200	1 0200	107000
State Grants	-	-	00170	-	-	-	-	-	07000	-	140000
Reserve Funds	011200	011200	011200	-	011200	00000	011200	011200	04000	-	500000
Donation Reserve Funds	-	-	-	00000	-	-	-	-	-	-	30000
<b>TOTAL ASSETS</b>	<b>00000</b>	<b>04200</b>	<b>00000</b>	<b>1070000</b>							

**LIABILITIES AND FUND BALANCES**

Liabilities	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100	101	102	103	104	105	106	107	108	109	110	111	112	113	114	115	116	117	118	119	120	121	122	123	124	125	126	127	128	129	130	131	132	133	134	135	136	137	138	139	140	141	142	143	144	145	146	147	148	149	150	151	152	153	154	155	156	157	158	159	160	161	162	163	164	165	166	167	168	169	170	171	172	173	174	175	176	177	178	179	180	181	182	183	184	185	186	187	188	189	190	191	192	193	194	195	196	197	198	199	200	201	202	203	204	205	206	207	208	209	210	211	212	213	214	215	216	217	218	219	220	221	222	223	224	225	226	227	228	229	230	231	232	233	234	235	236	237	238	239	240	241	242	243	244	245	246	247	248	249	250	251	252	253	254	255	256	257	258	259	260	261	262	263	264	265	266	267	268	269	270	271	272	273	274	275	276	277	278	279	280	281	282	283	284	285	286	287	288	289	290	291	292	293	294	295	296	297	298	299	300	301	302	303	304	305	306	307	308	309	310	311	312	313	314	315	316	317	318	319	320	321	322	323	324	325	326	327	328	329	330	331	332	333	334	335	336	337	338	339	340	341	342	343	344	345	346	347	348	349	350	351	352	353	354	355	356	357	358	359	360	361	362	363	364	365	366	367	368	369	370	371	372	373	374	375	376	377	378	379	380	381	382	383	384	385	386	387	388	389	390	391	392	393	394	395	396	397	398	399	400	401	402	403	404	405	406	407	408	409	410	411	412	413	414	415	416	417	418	419	420	421	422	423	424	425	426	427	428	429	430	431	432	433	434	435	436	437	438	439	440	441	442	443	444	445	446	447	448	449	450	451	452	453	454	455	456	457	458	459	460	461	462	463	464	465	466	467	468	469	470	471	472	473	474	475	476	477	478	479	480	481	482	483	484	485	486	487	488	489	490	491	492	493	494	495	496	497	498	499	500	501	502	503	504	505	506	507	508	509	510	511	512	513	514	515	516	517	518	519	520	521	522	523	524	525	526	527	528	529	530	531	532	533	534	535	536	537	538	539	540	541	542	543	544	545	546	547	548	549	550	551	552	553	554	555	556	557	558	559	560	561	562	563	564	565	566	567	568	569	570	571	572	573	574	575	576	577	578	579	580	581	582	583	584	585	586	587	588	589	590	591	592	593	594	595	596	597	598	599	600	601	602	603	604	605	606	607	608	609	610	611	612	613	614	615	616	617	618	619	620	621	622	623	624	625	626	627	628	629	630	631	632	633	634	635	636	637	638	639	640	641	642	643	644	645	646	647	648	649	650	651	652	653	654	655	656	657	658	659	660	661	662	663	664	665	666	667	668	669	670	671	672	673	674	675	676	677	678	679	680	681	682	683	684	685	686	687	688	689	690	691	692	693	694	695	696	697	698	699	700	701	702	703	704	705	706	707	708	709	710	711	712	713	714	715	716	717	718	719	720	721	722	723	724	725	726	727	728	729	730	731	732	733	734	735	736	737	738	739	740	741	742	743	744	745	746	747	748	749	750	751	752	753	754	755	756	757	758	759	760	761	762	763	764	765	766	767	768	769	770	771	772	773	774	775	776	777	778	779	780	781	782	783	784	785	786	787	788	789	790	791	792	793	794	795	796	797	798	799	800	801	802	803	804	805	806	807	808	809	810	811	812	813	814	815	816	817	818	819	820	821	822	823	824	825	826	827	828	829	830	831	832	833	834	835	836	837	838	839	840	841	842	843	844	845	846	847	848	849	850	851	852	853	854	855	856	857	858	859	860	861	862	863	864	865	866	867	868	869	870	871	872	873	874	875	876	877	878	879	880	881	882	883	884	885	886	887	888	889	890	891	892	893	894	895	896	897	898	899	900	901	902	903	904	905	906	907	908	909	910	911	912	913	914	915	916	917	918	919	920	921	922	923	924	925	926	927	928	929	930	931	932	933	934	935	936	937	938	939	940	941	942	943	944
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UNIVERSITY OF CALIFORNIA

Table 1. Summary

of Financial Operations

Continuing University of California, Berkeley

for the period ending December 31, 1988

	Continuing University of California, Berkeley					Total	
	State	Federal	Local	Gifts	Other	Continuing University of California, Berkeley	Total
<b>REVENUES</b>							
State aid revenues	\$ 10,128	\$ 1,428	\$ 1,428	\$ 1,428	\$ 1,428	\$ 10,128	\$ 10,128
Federal government revenues	1,428	1,428	1,428	1,428	1,428	1,428	1,428
Local revenues	1,428	1,428	1,428	1,428	1,428	1,428	1,428
Gifts	1,428	1,428	1,428	1,428	1,428	1,428	1,428
Other	1,428	1,428	1,428	1,428	1,428	1,428	1,428
Total revenues, not consolidated for	15,640	5,640	5,640	5,640	5,640	15,640	15,640
State and federal	15,640	5,640	5,640	5,640	5,640	15,640	15,640
Local revenues	1,428	1,428	1,428	1,428	1,428	1,428	1,428
Gifts	1,428	1,428	1,428	1,428	1,428	1,428	1,428
Other	1,428	1,428	1,428	1,428	1,428	1,428	1,428
Total revenues	17,068	7,068	7,068	7,068	7,068	17,068	17,068
<b>EXPENDITURES</b>							
State of government	15,640	5,640	5,640	5,640	5,640	15,640	15,640
Local government	1,428	1,428	1,428	1,428	1,428	1,428	1,428
Gifts	1,428	1,428	1,428	1,428	1,428	1,428	1,428
Other	1,428	1,428	1,428	1,428	1,428	1,428	1,428
Total expenditures	17,068	7,068	7,068	7,068	7,068	17,068	17,068
State of government	15,640	5,640	5,640	5,640	5,640	15,640	15,640
Local government	1,428	1,428	1,428	1,428	1,428	1,428	1,428
Gifts	1,428	1,428	1,428	1,428	1,428	1,428	1,428
Other	1,428	1,428	1,428	1,428	1,428	1,428	1,428
Total expenditures	17,068	7,068	7,068	7,068	7,068	17,068	17,068
<b>NET INCOME</b>							
State of government	15,640	5,640	5,640	5,640	5,640	15,640	15,640
Local government	1,428	1,428	1,428	1,428	1,428	1,428	1,428
Gifts	1,428	1,428	1,428	1,428	1,428	1,428	1,428
Other	1,428	1,428	1,428	1,428	1,428	1,428	1,428
Total net income	17,068	7,068	7,068	7,068	7,068	17,068	17,068
<b>NET ASSETS</b>							
State of government	15,640	5,640	5,640	5,640	5,640	15,640	15,640
Local government	1,428	1,428	1,428	1,428	1,428	1,428	1,428
Gifts	1,428	1,428	1,428	1,428	1,428	1,428	1,428
Other	1,428	1,428	1,428	1,428	1,428	1,428	1,428
Total net assets	17,068	7,068	7,068	7,068	7,068	17,068	17,068

MADISON PARISH POLICE JURY  
Tallulah, Louisiana

Schedule of Compensation Paid Police Jurors  
For the Year Ended December 31, 1997

	<u>1997</u>
Darryl Gulce	\$ 9,500
Fred Morgan	9,500
Moses Williams	9,500
Sidney Williams	9,500
Thomas J. Williams, President	<u>10,500</u>
Total	<u>\$ 49,200</u>

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

**Need to Improve Control Over Disbursements**

**Finding:** The police jury needs to improve control over disbursements. My test of disbursements disclosed that 4% of applicable disbursements were not supported by an original invoice, 15% were not paid on a current basis, and that for 29 of 36 applicable disbursements either no purchase order was present or the purchase order was dated after the invoice date. Failure to pay from original invoices allows for the possibility of duplicate payments. Payment of invoices after the due date creates late payment penalties and reflects badly on the police jury. Further, failure to properly utilize its purchase order system precludes the police jurors from controlling expenditures of the parish. They are, instead, delegating that responsibility to the individuals who purchase goods and services without authority to do so.

**CLEARUP**

**Recommendation:** The police jury should insist that disbursements be made from an original invoice or other original documentation. The police jury should make every effort to liquidate its bills on a current basis. Finally, the police jury should demand that purchase orders be properly utilized for applicable purchases.

**Management's Response:** The secretary/treasurer, on direction of the president, stated that, "Because of the financial condition of the police jury's General Fund, payments were delayed during 1993 and 1994. The police jury has improved the financial condition of the fund and invoices are now being paid on a current basis. The other findings and recommendations will be presented to the police jury at its next regular meeting for disclosure and action."

### Need to Reconcile and Clear Interfund Balances

**Findings:** Amounts due from and to other funds (interfund balances) do not balance and have not been reconciled in several years. Amounts due from and to other funds should be reconciled monthly and should be cleared routinely. As I have discussed with the police jury during past audits, interfund transaction balances are estimate, do not agree and have not been reconciled or cleared. Interfund transactions are caused by activity between funds and activity of the master clearing and payroll clearing accounts. The master clearing account pays most bills of the various police jury funds and, in turn, is supposed to be reimbursed by those funds. The payroll clearing account pays all payroll costs of the various and is also supposed to be reimbursed by those funds. These two accounts should be reimbursed immediately because neither account has monies of its own and must be reimbursed so that deposits can be made to cover the checks that have been written. Both accounts work the same way. For example, if the master clearing account pays \$1,000 in expenses for the general fund its cash is reduced by that amount and a receivable is set up (i.e., "Due from General Fund - \$1,000"). At the same time, the expenses are posted in the General Fund and a payable is set up (i.e., "Due to Master Clearing Account - \$1,000"). Normally that amount is transferred to and deposited into the cash account of the master clearing account before the checks are released to ensure that sufficient funds are in the bank account to cover the checks that have been written. During past years, because of posting errors and transfers of incorrect amounts from the various funds, the balances due from and to other funds at year-end have not agreed.

During past audits, I have been able to determine the posting errors and incorrect transfer amounts and make such adjustments to place the funds and accounts in balance. However, because my adjustments were so recorded in the funds and accounts and because transfers were not made to correct the problems, they have been compounded and become worse with each year. At December 31, 1994, the funds' general ledger accounts showed a total of \$346,009 as due from other funds/accounts and a total of \$466,431 as due to other funds/accounts or a difference of \$120,422. During the course of my current audit, I made \$183,342 in adjustments to the interfund accounts to bring forward prior years uncorrected errors and

correct current errors that were detected by me during the audit. However, I did not attempt to find all posting errors. My audit work on interfund required in excess of 40 hours, therefore, once I concluded that remaining differences were the result of posting errors I determined that it would not be cost effective to the jury for me to find all errors. As shown on Statement A of the financial statements and the related note disclosure, the interfund balances are still out-of-balance by \$65,242.

Because of the deficiencies noted above in accounting for interfund transactions, the police jury does not know its financial condition, does not know the exact amount due from one fund to another, cannot produce financial statements in accordance with generally accepted accounting principles and is incurring unnecessary risk of theft or misappropriation of funds. It should also be noted that the problems discussed above along with problems discussed in other findings preclude completing the audit within a reasonable period of time and, consequently, my final audit report is not being released within six months of the police jury's year end, as required by state law.

#### **UNCLEARED**

**Recommendation:** I have provided the current secretary/treasurer with my audit adjustments for posting to the police jury's accounting records. The police jury should ensure that all posting errors in the interfund accounts are located and correcting entries made to bring the interfund accounts into balance.

**Management's Response:** The secretary/treasurer, on direction of the president, stated that, "The above findings and recommendations will be presented to the Madison Parish Police Jury at its next regular meeting for disclosure and action."

#### **Need to Maintain Complete Files on Leases**

**Finding:** The police jury's lease files are not complete. Proper internal control over leases requires that original copies of all leases be maintained and that those leases be reviewed periodically and compared to accounting records to ensure that correct amounts are being paid, that items under capital lease have been added to fixed asset records and that payments are not being made on completed or terminated leases. During the audit, I

determined that the police jury does not have originals or copies of all leases. Consequently, I was not able to determine that the correct amount was being paid on all leases. It was also noted that the police jury has been making lease payments on a copy machine that was traded in on a new machine. Because of the lack of complete records, the police jury cannot be assured that it is paying the correct amount on leases, that it is not making payments on leases which have been paid out or that it not making payments on leases which should have been terminated.

#### **CLEARED**

**Recommendation:** The police jury should ensure that accounting records include all leases for which the jury is responsible. A master schedule should be maintained for leases. The schedule should include pertinent information for all leases, such as type of lease, description of asset, start date, payment amounts, completion date, etc. the master schedule should be compared to the accounting records on a routine basis to determine that correct amounts are being paid and that payments are being made only on active leases. Also, the accounting records should utilize separate accounts for payments on operating and capital leases. Operating leases are only operating costs while capital leases are debt service.

**Management's Response:** The secretary-treasurer, on direction of the president, stated that, "The above findings and recommendations will be presented to the Madison Parish Police Jury at its next regular meeting for disclosure and action."

#### **Need to Reconcile Payroll Deduction Accounts**

**Finding:** The police jury's payroll deduct accounts have not been reconciled in several years. Proper internal control requires that deduct accounts be reconciled on a routine basis to assure that correct amounts are being deducted and realized and that the accounts do not contain posting errors. Normally, all payroll deduct accounts should zero out either monthly or quarterly however, this has not been the case with the police jury's accounts. During the course of my audit I noted that deduct accounts are not reconciled and that they have not zeroed out for several years. Because the accounts have not been reconciled, the police jury has no assurance that correct amounts are being deducted and realized or that

amounts are not being posted to incorrect accounts. Further, the police jury is allowing for the possible concealment of misappropriation of funds.

**Recommendation:** The police jury should ensure that all payroll deduction accounts are reconciled monthly and that those accounts are not either monthly or quarterly, as the case may be.

**Management's Response:** The secretary/treasurer, on direction of the president, stated that, "The reconciliation of the payroll accounts will be incorporated into the month-end procedures."

#### **Individuals Should Not Sign Blank Checks in Advance**

**Finding:** Blank checks have been signed in advance of their actual use. Proper internal control over disbursements requires, among other things, that checks require two signatures, neither of which is that of the individual preparing the check. The purpose of such a control is require that collusion (involvement of two or more persons) be present in order for theft by check to occur. During my audit I noted that although police jury checks require two signatures, neither of which is the secretary/treasurer, one individual was signing blank checks in advance of their use. Such action substantially increases the possibility of collusion as one less individual is required. It was noted in the Legislative Auditor's investigative audit report that a signature stamp was available for the other individual's signature. Consequently, collusion was not required to accomplish a theft of funds.

#### **CLEARED**

**Recommendation:** The police jury should refrain from the use of signature stamps. Further, individuals should never sign blank checks.

**Management's Response:** The secretary/treasurer, on direction of the president, stated that, "The Madison Parish Police Jury no longer uses signature stamps for check signing. Check signers will once again be advised not to sign checks in advance."

#### **Need to Improve Organization of Accounting Records**

**Finding:** Improvement is needed in the organization of accounting records and files. Accounting records and files should be organized in a manner that facilitates financial analysis, retrieval of information and financial reporting. During the performance of my audit, much time was lost due to difficulties encountered in obtaining necessary information. While part of the difficulty was due to the fact that the police jury's records have been subjected to investigative examination, the majority of the problem was caused by the basic organization of records and files. Poorly organized files and records not only increase audit time and costs but also inhibit the staff's ability to answer questions from both jurors and the public.

**CLEARED**

**Recommendation:** To improve the organization of its files and records, I suggest the following, which is not all inclusive;

- a. File all cancelled checks separately and in numerical order, by bank account
- b. File all paid invoices, etc. separately and in check number order, by bank account
- c. Attach monthly bank statements to the related bank reconciliation
- d. Along with the computer printouts automatically produced by the accounting programs, also print monthly trial balances, month-to-date general ledger
- e. histories and statements of revenue and expenditures. At year end print two sets of year-to-date trial balances, general ledger histories and revenue and expenditure statements, one set for the police jury's files and one set for the auditor. Discard the monthly printouts.
- f. Retain all receipt data. File the data by year, by type (i.e. taxes, revenue sharing, etc.), in chronological order
- g. Maintain a separate file/folder for grant funds (i.e. Rural Development). The file or folder should contain all information related to the grant and should be self sufficient
- h. In addition to the above, I strongly recommend that the police jury review its old accounting files and dispose of those that are not required to be retained by law (i.e. public records law, record retention, grant agreements, etc.)

**Management's Response:** The secretary/treasurer, on direction of the president, stated that, "The secretary/treasurer has noted the need for

**SUMMARY SCHEDULE OF PEJOR  
ASSET FUNDING  
(Continued)**

reorganization of office records and is in the process of making the necessary changes."